

AMENDED IN SENATE JUNE 30, 2003

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 571**

**Introduced by Assembly Member Yee**

February 18, 2003

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An act to amend Section ~~19605.73~~ 19601 of the Business and Professions Code, relating to horse racing.

### LEGISLATIVE COUNSEL'S DIGEST

AB 571, as amended, Yee. Horse racing.

*Existing law provides for the operation of, and wagering on, live horse races conducted by associations and fairs, and for the conduct of satellite wagering facilities, subject to the regulation and oversight of the California Horse Racing Board, as specified.*

*This bill would provide, in addition, that a racing association, other than a thoroughbred racing association, that is conducting live racing after 6 p.m. and receiving a satellite signal from another nonthoroughbred racing association that is also conducting live racing shall not be required to accept and display that satellite signal or accept wagers on any transmitted race, unless there is a written agreement between the two associations and the consent of the organization representing the horsemen and horsewomen at the association receiving the satellite signal. The bill would further provide that if the associations are unable to reach an agreement regarding the acceptance of the satellite signal or regarding the collection of fees, acceptance of wagers, or distribution of the purse associated with any*

*satellite wagering, the matter shall be referred to the board for resolution.*

~~Existing law, operative until July 1, 2004, permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Among other specified functions, this law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing.~~

~~This bill would require the annual plan to be submitted by April 1st, and would require that the plan also be submitted to the appropriate select committees of the Legislature.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. Section 19605.73 of the Business and~~  
 2 *SECTION 1. Section 19601 of the Business and Professions*  
 3 *Code is amended to read:*

4 19601. (a) Notwithstanding any other provision of law, a  
 5 licensed association or fair that is conducting a live meeting in any  
 6 racing zone may accept wagers on any race conducted in this state,  
 7 if all of the following requirements are met:

8 (1) The association or fair that conducts the racing meeting and  
 9 the organization that is responsible for negotiating purse  
 10 agreements on behalf of the horsemen participating in that racing  
 11 meeting consent to the acceptance of the wagers. However, if  
 12 consent is withheld, any party may appeal the withholding of  
 13 consent to the board, which may determine that consent is not  
 14 required.

15 (2) The association or fair conducts not less than eight races on  
 16 days when the association or fair is licensed to conduct racing,  
 17 except that fewer than eight live races per day may be conducted  
 18 by the mutual agreement of the association or fair and the

1 organization that is responsible for negotiating purse agreements  
2 on behalf of the horsemen participating in the racing meeting.

3 (3) Wagering is offered only within the association's or fair's  
4 racing inclosure or within the satellite wagering facility and only  
5 within seven days of the commencement of the racing program  
6 with the transmitted race.

7 (4) All wagers are included in the appropriate parimutuel pool  
8 at the racetrack of the association or fair where the race is  
9 conducted, or, in the appropriate parimutuel pool of the racetrack  
10 of the association or fair that accepts the transmitted race.

11 (5) The association or fair accepting wagers on an out-of-zone  
12 transmitted race distributes the audiovisual signal of the race to,  
13 and accepts wagers from, all eligible satellite wagering facilities.

14 (b) Any association or fair accepting wagers under subdivision  
15 (a) shall deduct, from the total amount handled in each  
16 conventional and exotic parimutuel pool on the transmitted race,  
17 the same percentages deducted pursuant to Article 9.5  
18 (commencing with Section 19610) for races at its own meeting.  
19 However, if the wagers are from a quarter horse race meeting, then  
20 the amounts deducted shall be the same as for a quarter horse race  
21 meeting. Amounts deducted under this section, including amounts  
22 deducted from wagers on out-of-zone races within the inclosure of  
23 the association or fair, shall be distributed as provided under  
24 Sections 19605.7, 19605.72, and 19605.73 with respect to wagers  
25 made within the northern zone, or Sections 19605.71, 19605.72,  
26 and 19605.73 with respect to wagers made within the central or  
27 southern zone, except that amounts distributed for purposes other  
28 than state license fees and fees payable to the Center for Equine  
29 Health, School of Veterinary Medicine, University of California  
30 at Davis, and the California Animal Health and Food Safety  
31 Laboratory shall be proportionally reduced by the amount of any  
32 fees paid to the Triple Crown or Breeder's Cup day host  
33 association pursuant to subdivision (c). The method used to  
34 calculate the reduction in proportionate share shall be approved by  
35 the board. For wagers on out-of-state and out-of-country races  
36 made within the association's or fair's inclosure, 1 percent shall be  
37 distributed to the association or fair as a satellite wagering facility  
38 commission.

39 (c) Nothing in this section precludes an association or fair from  
40 charging a fee as a condition of transmitting the Triple Crown or

1 Breeder's Cup day races, except that any fee shall be allocated  
2 among all associations, fairs, and satellite wagering facilities  
3 receiving the transmitted race in proportion to the amount wagered  
4 at each location, and the fee shall equal that charged by the entity  
5 conducting the race or races. Further, the only fee that can be  
6 charged as a condition of transmitting the signal of an out-of-zone  
7 race shall be a fee of 2.5 percent on Breeder's Cup day races.

8 (d) All breakage and unclaimed tickets, including unclaimed  
9 refunds, shall be distributed equally between the association or fair  
10 that accepts wagers on the transmitted race, and the horsemen, in  
11 the form of purses. The purse moneys generated by this  
12 subdivision shall be made available for purses during the meeting  
13 in which they are received by the association or fair, or, if the  
14 association or fair is not then conducting a live racing meeting,  
15 during the next succeeding meeting of the association or fair.

16 (e) All wagers made pursuant to this section shall be considered  
17 to have been wagered at a satellite wagering facility and shall be  
18 excluded from total handle for the purposes of Section 19611.

19 (f) Notwithstanding Section 19530.5, satellite wagering  
20 facilities operated by a fair, in the Counties of Fresno, Kern, or  
21 Tulare shall be considered northern zone facilities and shall  
22 receive their audiovisual signal from the association or fair  
23 conducting a racing meeting in the northern zone that is authorized  
24 to distribute the signal and accept wagers on central and southern  
25 zone races. Satellite wagering facilities operated by a fair, in the  
26 Counties of Santa Barbara or Ventura shall be considered  
27 central-southern zone facilities and shall receive the audiovisual  
28 signal from the association or fair conducting a racing meeting in  
29 the central or southern zone that is authorized to distribute the  
30 signal and accept wagers on northern zone races.

31 (g) All purse moneys derived from wagering on out-of-zone  
32 races at fair racing meetings shall be distributed to all breeds of  
33 horses participating in the fair meeting in direct proportion to the  
34 purse money generated by breed on live races conducted during  
35 the fair race meeting.

36 (h) During calendar periods when both a fair and a  
37 thoroughbred association conduct live racing, the amounts  
38 deducted under this section shall be distributed on any day of  
39 overlap as provided in Section 19607.5, except that the applicable

1 state license fee shall be at the rate specified for nonfair meetings  
2 in subdivision (b) of Section 19605.7.

3 (i) During calendar periods when a thoroughbred association  
4 and a fair, or a thoroughbred association and any other breed  
5 association are conducting a racing meeting in the same zone, the  
6 thoroughbred association shall be the association authorized to  
7 distribute out-of-zone, out-of-state, or out-of-country  
8 thoroughbred or fair races, except that the thoroughbred  
9 association may waive this right and allow the other breed racing  
10 association conducting a race meeting to distribute the signal and  
11 accept wagers on out-of-zone, out-of-state, or out-of-country  
12 thoroughbred or fair races for any racing day or days. For the  
13 purposes of this subdivision, the combined central and southern  
14 zone shall be considered one zone.

15 (j) In order to ensure, to the extent possible, that out-of-state  
16 and out-of-country simulcasting, furthers the purposes of this  
17 section, a committee made up of one representative from each of  
18 the then-operating thoroughbred associations or fairs that are  
19 conducting a live racing meeting in the state and one representative  
20 of the organization responsible for negotiating purse agreements  
21 on behalf of the horsemen participating in the meeting shall do the  
22 following:

23 (1) Determine the out-of-state or out-of-country thoroughbred  
24 races to be imported on a statewide basis pursuant to provisions of  
25 this chapter.

26 (2) Ensure, to the extent possible, that the fees charged by  
27 out-of-state or out-of-country entities for these signals are at the  
28 lowest obtainable rate and at the same rate statewide, in order to  
29 maximize the revenue available to in-state associations and fairs  
30 and their horsemen.

31 (3) Ensure, to the extent possible, due to the reciprocal nature  
32 of the interstate simulcasting business, that the maximum  
33 obtainable revenue is generated by the sale to out-of-state entities  
34 of the audiovisual signal of races conducted in this state by  
35 thoroughbred associations and fairs.

36 (4) Ensure that program information requirements for in-state  
37 signals comply with the standards of the board, but provide that  
38 abbreviated program formats may be used for races imported from  
39 other jurisdictions.

(k) Notwithstanding any other provision of law, any thoroughbred association or fair, when operating a live racing meeting, shall distribute the signal of all races conducted by, or disseminated by, that association or fair to, and accept wagers on these races from, any association that is licensed to conduct a live quarter horse or harness racing meeting in Orange County and that conducted such a meeting in 1998.

(l) Notwithstanding any other provision of law, all associations or fairs when operating as eligible satellite wagering facilities shall be in compliance with, and subject to the provisions of, Article 9.2 (commencing with Section 19605) of this chapter, and shall display the signal and accept wagers on all live races conducted in this state without regard to breed. Notwithstanding the foregoing provision, a thoroughbred racing association located in the city of Arcadia is exempt from these requirements for live harness and quarter horse races conducted at night unless the thoroughbred racing association facility is open for business at that time and is accepting wagers on other night signals pursuant to this chapter. Further, satellite wagering facilities located at fairs may, but are not required to, accept an audiovisual signal on out-of-state or out-of-country races unless the facility is open for business at the time and accepting wagers on other signals pursuant to this chapter.

(m) (1) *A racing association, other than a thoroughbred racing association, that is conducting live racing after 6 p.m. and receiving a satellite signal from another nonthoroughbred racing association that is also conducting live racing shall not be required to accept and display that satellite signal or accept wagers on any transmitted race, unless the following conditions are satisfied:*

(A) *There is a written agreement between the two nonthoroughbred racing associations.*

(B) *The organization representing the horsemen and horsewomen at the nonthoroughbred racing association receiving the satellite signal gives its consent.*

(2) *If the nonthoroughbred racing associations are unable to reach an agreement regarding the acceptance of the satellite signal or regarding the collection of fees, acceptance of wagers, or distribution of the purse associated with any satellite wagering, the matter shall be referred to the California Horse Racing Board for resolution.*

Professions Code is amended to read:

~~19605.73. (a) Racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The organization shall consist of the following members: two members, one from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the northern zone and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.~~

~~(b) By April 1, the marketing organization formed pursuant to subdivision (a) shall annually submit to the appropriate select committees in each house of the Legislature and to the board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing that encompasses all geographical zones in the state, and which includes the manner in which funds were expended in the implementation of the plan for the previous calendar year. The plan shall be implemented as determined by the organization. The organization shall receive input from all interested industry participants and may utilize outside consultants in developing the annual marketing plan.~~

~~(c) In addition to the distributions specified in subdivisions (a) and (b) of Section 19605.7, and in Sections 19605.71 and 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount equal to 0.4 percent of the total amount handled by each satellite wagering facility shall be distributed to the statewide marketing organization formed pursuant to subdivision (a) for the promotion of thoroughbred and fair horse racing and to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Not more than~~



1 ~~one-sixth of the total amount available annually pursuant to this~~  
2 ~~subdivision shall be used to defray the cost of workers'~~  
3 ~~compensation insurance. Any of the promotion funds that are not~~  
4 ~~expended in the year in which they are collected may be expended~~  
5 ~~in the following year. If promotion funds expended in any one year~~  
6 ~~exceed the amount collected for that year, the funds expended in~~  
7 ~~the following year shall be reduced by the excess amount.~~  
8 ~~(d) This section shall become inoperative on July 1, 2004, and,~~  
9 ~~as of January 1, 2005, is repealed, unless a later enacted statute that~~  
10 ~~is enacted before January 1, 2005, deletes or extends the dates on~~  
11 ~~which it becomes inoperative and is repealed. Any moneys held by~~  
12 ~~the organization shall, in the event this section is repealed, be~~  
13 ~~distributed to the organization formed pursuant to Section~~  
14 ~~19608.2, for purposes of that section.~~

